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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 003708

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SUBJECT: KMT TAIPEI MAYORAL CANDIDATE HAU CAUTIOUS BUT  
OPTIMISTIC

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

11. (C) Summary: Kuomintang (KMT) Taipei mayoral candidate Hau Long-bin appears confident of victory in December, but remains somewhat concerned that a split Pan-Blue vote could weaken his mayoral mandate. Hau named DPP mayoral candidate Frank Hsieh (Chang-ting) as his only real competitor, and predicted that Hsieh would receive at least 35 percent of the total vote, much better than current media polls indicate. Hau will focus his guns on Hsieh, and ignore Pan-Blue mayoral opponents PFP Chairman James Soong and independent deep-blue legislator Lee Ao. Though Soong and Lee have "no chance of winning," they could siphon enough Blue votes away to reduce Hau's victory margin from a majority to a plurality. Hau predicted that the content of the prosecutor's Presidential Office investigation report could influence the mayoral race, and that an endorsement of a candidate by "Depose Chen" leader Shih Ming-te would also have some impact. Hau also predicted that the KMT candidate will lose the Kaohsiung mayoral race if he has less than a five percent lead on election day, because the DPP will be able to buy enough votes to win. End Summary.

Soong Campaign a Means to an End  
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12. (C) Hau told the Director that PFP Chairman James Soong is campaigning for mayor to prove his "muscle" to the KMT. Hau explained that, in the past, Soong claimed that if he ran for president, he would draw at least 10,000 votes from each of Taiwan's 18 counties. Since President Chen won the 2004 presidential election by less than 30,000 votes, if Soong could control six times that amount, the KMT could not afford to ignore him. Soong hopes to "prove" his political power by drawing at least five percent of the vote in the Taipei mayoral race. Soong hopes to prolong the life of his political party through a power-sharing arrangement with the KMT. In the short term, in exchange for his promise not to run for president in 2008, Soong wants the KMT to set aside city council and legislative seats for the PFP in upcoming elections. In the longer term, Hau predicted, if Ma becomes president in 2008, Soong will try to barter PFP cooperation for seats in Ma's cabinet and other high-level positions within Ma's administration.

13. (C) Soong's campaign has not done well, Hau told the

Director. Soong's polling numbers have failed to break into double digits, even in the days immediately following his campaign announcement, when a candidate would typically receive a "bump" of at least a few points. (Note: Before entering the race, Soong himself had predicted to the Director that he would receive "at least a ten-point boost" upon entering the race. End note.) Hau further predicted that Soong's electoral chances would be adversely affected by the "qi bao xiao ying" or "dump-save effect," which describes when voters dump a first-choice candidate destined for defeat to vote for a second-choice candidate who has a chance of winning. Taipei voters haven't forgotten how Soong's independent presidential campaign divided the Blue vote and handed Chen and the DPP the 2000 presidential election. Deep-Blue voters may not like him as much as Soong, Hau admitted, but some will "dump" Soong in Hau's favor in hopes of "saving" a Pan-Blue mayoral victory.

#### Hsieh Is Only Real Competitor

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14. (C) Hau told the Director that DPP candidate Frank Hsieh (Chang-ting) is his "only competitor" in the Taipei mayoral race. Hau did not slight his opponent's potential, and predicted that Hsieh would draw at least 35 percent of the vote (twenty points higher than current media polls would suggest). Hau and campaign advisor NTU Professor Zhuang Wen-si discounted the accuracy of the media polls, and argued that Hsieh's numbers were being suppressed by DPP voters' embarrassment and frustration toward President Chen. Green voters were less likely to admit support for Hsieh during telephone polls, Zhuang contended, but would turn out in greater numbers to support him on election day. According to Zhuang, KMT internal polls showed Hsieh's popularity at or

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near 25 percent, and Hau at around 40 percent.

#### DPP Dirty Tricks on the Horizon?

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15. (C) Hau predicted that Hsieh's campaign will make all kinds of "false accusations" against him near the end of the race, particularly relating to Hau's father, former Premier Hau Pei-tsun, and his alleged involvement in the Lafayette frigate scandal. To counter that strategy, Hau said he will emphasize his personal integrity and encourage Hsieh to run a "clean" campaign. The Director asked Hau whether his service as President Chen's Environmental Minister and previous membership in the New Party were political liabilities. Hau told the Director that Soong may try to use these arguments to appeal to Deep-Blue voters, but the rest of the Taipei electorate would be unmoved.

16. (C) Two other factors will influence the election, Hau told the Director: the prosecutor's Presidential Office investigation report, and a possible endorsement from "Depose Chen" protest leader Shih Ming-te. The prosecutor's report will be released on or around November 7, Hau said, and regardless of whether it implicates or exonerates Chen, Chen will not step down. This will likely anger Shih's followers and re-energize his movement. Hau predicted that Soong, who sat by Shih's side during several earlier large-scale protests, will try once again to share Shih's spotlight, in hopes of luring more Deep-Blue voters to his side. Shih has let it be known that he will also endorse a mayoral candidate in the near future. Hau told the Director Shih will endorse the Blue candidate that best passes Shih's "ethics" test. Shih's endorsement will carry weight in the election, and could enhance Soong's ability to "spoil" chances of a KMT victory.

#### Split Pan-Blue Vote Could Threaten Mandate

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17. (C) Hau told the Director he wasn't afraid of losing, but

of winning without a clear mandate. Soong and independent Deep-Blue legislator Lee Ao have no chance of winning the mayoral race, Hau asserted, but combined, they could steal from Hau as much as ten percent of the vote. In a worst-case scenario, Zhuang explained, Hsieh could draw more than 40 percent of the vote, making for an uncomfortably close race. If he can't win by majority, Hau told the Director, it would mean that KMT control of Taipei was vulnerable, and that he would be governing Taipei without a mandate from the voters.

#### Kaohsiung Race "Dangerous" For KMT

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18. (C) Hau acknowledged that the Kaohsiung mayoral race between KMT candidate Huang Chun-ying and DPP opponent Chen Chu is a "dangerous" one for the KMT. Hau and Zhuang told the Director that, if election day comes and the KMT holds less than a five percent lead in the polls, the KMT will lose because the DPP will be able to buy all the votes it needs to win. The DPP can't get away with vote-buying in Taipei, Zhuang said, because the voters and the police are too sophisticated. But that isn't an obstacle in Kaohsiung, and the DPP has the apparatus and the know-how to buy the race.

#### Comment

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19. (C) Hau seemed calmly confident during an hour long meeting. Most commentators agree that he holds a strong hand, so long as Mayor Ma and his party don't waiver in their support as Soong continues to harry the KMT with blackmail over the former ruling party's "stolen" assets and over threats. With 40 days left to go, we expect this campaign to get uglier and more personal, and Hau seems willing to give as much as he gets to preserve his lead. Soong and Hsieh are likely to try to weaken this frontrunner by challenging his experience and questioning his and his famous father's integrity.

YOUNG